

**Testimony of Thomson Reuters (Tax & Accounting), Inc.
Before the Senate Finance Policy Committee
Tuesday, March 10, 2015**

**Presented By
Lynn A. Gandhi, Honigman Miller Schwartz and Cohn, LLP**

**Hon. Jack Brandenburg, Chair
Hon. David Robertson, Vice-Chair
Michigan Senate Finance Committee**

Thank you for the opportunity to provide comments in support of Senate Bills 82 and 83. I am Lynn Gandhi, with Honigman, Miller, Schwartz and Cohn, and am here to speak on behalf of Thomson Reuters (Tax & Accounting) Inc. ("Thomson Reuters").

Last year, in *Thomson Reuters (Tax & Accounting) Inc. v. Dep't of Treasury*, No. 313825 (Mich. Ct. App. May 13, 2014), the Court of Appeals held that *Checkpoint* subscriptions, which are Thomson Reuters' online tax and accounting research services, purchased by Michigan businesses or individuals do not involve the sale of taxable "prewritten computer software" but are instead nontaxable information services. The Department of Treasury has filed an Application for Leave to Appeal that decision with the Michigan Supreme Court, which remains under consideration. Meanwhile, despite the Court of Appeals decision (which is treated as final under Michigan law unless and until the Supreme Court grants review), Thomson Reuters faces an uncertain situation, and its' Michigan customers face the potential burden of taxes that the Court of Appeals has held they should not have to bear. Three other cases have been decided by the Court of Claims consistent with the Court of Appeals decision, yet the Department of Treasury continues to issue assessments. The proposed legislation would immediately clarify the rules for Michigan taxpayers and assure them that this tax is not one the legislature ever intended to impose, and would relieve the courts, and this state, of the burden of continually re-litigating the same issue.

Cc: Senator Marty Knollenberg
Senator Tom Casperson
Senator John Proos
Senator Steven Bieda
Senator Rebekah Warren